

THE IRON BAY TRUST

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THE IRON BAY TRUST

GENERAL FUND STATEMENT OF RECEIPTS AND DISBURSEMENTS

Year ended December 31, 1975

Receipts	1975	1974
Royalties	\$1,032,294	831,827
Interest	7,555	10,695
	<u>1,039,849</u>	<u>842,522</u>
Disbursements		
Administrative expenses	14,168	11,456
Transfer to Reserve Fund (note 2)	1,000	1,000
Trustees' fees	10,398	8,425
	<u>25,566</u>	<u>20,881</u>
Net receipts available for distribution	<u>1,014,283</u>	<u>821,641</u>
Distributions to unit holders	1,014,274	821,762
Net receipts (disbursements)	9	(121)
Cash on hand at beginning of year	1	122
Cash on hand at end of year	<u>\$ 10</u>	<u>1</u>
Distributions per unit	<u>39.62 cents</u>	<u>32.10 cents</u>

RESERVE FUND STATEMENT OF RECEIPTS AND DISBURSEMENTS

Year ended December 31, 1975

Receipts	1975	1974
Transfer from General Fund	\$ 1,000	1,000
Interest	885	721
	<u>1,885</u>	<u>1,721</u>
Cash on hand at beginning of year	9,379	7,658
Cash on hand at end of year	<u>\$ 11,264</u>	<u>9,379</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 1975

1. The Trust owns an 80% interest in a mining property in the Bruce Lake area, District of Kenora, Ontario. The mining property is leased to The Steel Company of Canada, Limited until April 30, 2040, and the Trust receives a royalty based on quantities of iron ore pellets shipped from the mine. The royalty rate is subject to change in proportion to changes in the prevailing Cleveland market price for Lake Superior District iron ore pellets.
2. The Trust indenture provides that \$1,000 a year is to be transferred to a reserve fund and the balance of receipts after deducting disbursements is to be distributed to the unit holders in the calendar year of receipt.
3. The Trust has an authorized and issued capital of 2,560,005 Trust units.

AUDITORS' REPORT

To the Unit Holders of
The Iron Bay Trust

We have examined the statements of receipts and disbursements of the General Fund and the Reserve Fund of The Iron Bay Trust for the year ended December 31, 1975. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these statements present fairly the cash transactions of the Trust for the year ended December 31, 1975 and the balance of cash on hand at that date.

THORNE RIDDELL & CO.

Chartered Accountants

Toronto, Canada
January 7, 1976

ANNUAL REPORT OF THE TRUSTEES

FOR THE YEAR ENDED DECEMBER 31, 1975

TRUSTEES

DAVID A. HUNTLEY, C.A.
641 Davis Drive
Newmarket, Ontario
L3Y 4W3
Tel. 884-8902

and

MONTREAL TRUST COMPANY
15 King Street West
Toronto, Ontario
M5H 1B4

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company
15 King Street West
Toronto, Ontario
M5H 1B4

THE IRON BAY TRUST

SUMMARY INFORMATION

Mining Property and Royalty

The Iron Bay Trust owns an 80% interest in the mining property of The Griffith Mine. The mine is located near Red Lake, Ontario, and is leased to The Steel Company of Canada, Limited. The Trust receives a royalty based on the tonnage of iron ore pellets shipped from the mine and the royalty rate changes proportionately with changes in the price of iron ore pellets. Increases in the price of pellets have caused the royalty rate to increase from 40 cents per ton in 1969 to 80.08 cents per ton at the present time.

Function of the Trust

The principal function of the Trust is to collect the royalty described above and disburse the royalty to the Trust unit holders in the calendar year of receipt.

Lessee of Mining Property

The Steel Company of Canada, Limited

Name of Project

The Griffith Mine

Three Year Financial Summary

Royalties received	1975	1974	1973
	\$1,032,294	831,827	697,319
Distributions to Trust Unit Holders	1,014,274	821,762	683,777
	39.62 cents per unit	32.10 cents per unit	26.71 cents per unit
Total Distributions to Trust Unit Holders from Inception to December 31, 1975	\$4,726,025		(\$1.85 per unit)

THE IRON BAY TRUST

ANNUAL REPORT OF THE TRUSTEES

For the year ended December 31, 1975

To the Trust Unit Holders:

Royalties received during 1975 from The Griffith Mine amounted to \$1,032,294 compared to \$831,827 in 1974. The Trust receives its production royalties on a quarterly basis in the month following the end of each calendar quarter. The following is a schedule of the amounts received in 1975:

Production Period	Tons of Pellets	Royalty per Ton	Royalty	Date Royalty Received
October to December, 1974	382,395	64.47 cents	\$ 246,538	January, 1975
January to March, 1975	369,462	70.72 cents	261,313	April, 1975
April to June, 1975	385,970	71.74 cents	276,910	July, 1975
July to September, 1975	330,396	74.92 cents	247,533	October, 1975
	<u>1,468,223</u>		<u>\$1,032,294</u>	

Royalty receipts and distributions to unit holders have again been at record high levels for the Trust. The year 1975 marks the eighth consecutive year in which royalty receipts and distributions to unit holders have been higher than in the previous year.

Royalties for the production period October to December, 1975, amounted to \$271,377 from the production of 362,222 tons of pellets. Payment was received in January, 1976.

A short strike by the workers at the Mine adversely affected production during a period near the end of September and the beginning of October. Because of this, production is slightly lower for the two quarters involved.

There were several increases in the price of iron ore pellets during 1975 with the effect that the royalty rate escalated from 64.47 cents per ton at the beginning of the year to 74.92 cents per ton at the end of the year. A further increase in the price of pellets in 1976 will have the effect of increasing the royalty rate to 80.08 cents per ton.

Four distributions totalling 39.62 cents per unit were paid to unit holders during the year for an aggregate distribution of \$1,014,274. During the previous year, four distributions totalling 32.1 cents per unit were paid for an aggregate distribution of \$821,762. The following are details of the amounts paid in 1975:

Royalty Distribution Number	Amount Per Unit	Record Date	Payment Date
22	9 cents	February 7, 1975	February 24, 1975
23	10 cents	May 9, 1975	May 26, 1975
24	10 cents	August 8, 1975	August 26, 1975
25	10.62 cents	November 7, 1975	November 24, 1975
	<u>39.62 cents</u>		

A quarterly distribution of 10 cents per unit will be paid on February 23, 1976, to unit holders of record on February 6.

DAVID A. HUNTLEY and
MONTREAL TRUST COMPANY,

Trustees.

February 4, 1976.

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Distributions to Trust Unit Holders	1,014,274	821,762	683,777
	39.62 cents per unit	32.10 cents per unit	26.71 cents per unit
Total Distributions to Trust Unit Holders from inception to December 31, 1975	\$4,726,025		(\$1.85 per unit)

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ANNUAL REPORT OF THE TRUSTEES

For the year ended December 31, 1975

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